



MEETING THE PROCUREMENT CHALLENGES OF THE PUBLIC SECTOR

For organizations responsible for maintaining public funds and public trust, controlling costs by automating standard procurement processes is only a partial solution. Government procurement professionals must adhere to many regulations and structured guidelines. The SAP® Government Procurement application was created specifically for the unique, complex tasks these professionals perform every day. SAP Government Procurement automates complex processes for increased efficiency, provides sophisticated tools for better collaboration, and cuts costs by making optimum use of your workforce.

Government procurement professionals face a unique set of challenges. In public sector organizations, speed and efficiency are difficult to achieve because workers must fully document and audit procurement processes that are often lengthy, labor-intensive, and time-consuming.

Every day, procurement professionals try new processes and tweak existing ones to find innovative ways to meet their customers' demands. But in public sector organizations there are hundreds – sometimes thousands – of rules, regulations, and directives that simply can't be avoided.

In addition to the constraints of such a structured environment, there's a more fundamental problem: a limited workforce. Many public sector employees will be eligible to retire within the next three to five years, and there aren't enough workers trained and ready to take their places. Organizations must compensate by changing the way they do business – and enterprise resource planning (ERP) solutions provide the answer.

But for public sector organizations, there's a catch. With cumbersome procedures that require steps such as budget checking, competitive bidding, vendor certification, and strict control over contract changes, public sector procurement processes often don't fit into standard automated solutions.



Figure 1: Typical commercial practices are illustrated by the white boxes, while the blue bar shows the more complex environment of public procurement.

At SAP, we understand the obstacles that government procurement professionals face daily. That's why we created the SAP® Government Procurement application as part of the SAP for Public Sector solution portfolio. SAP Government Procurement doesn't eliminate regulatory requirements or highly structured procurement processes, but it gives you the ability to comply with them more efficiently while integrating into the larger context of ERP.

Extending the Borders of ERP

Typically, ERP is an asset to organizations because it's "transactional," increasing efficiency by focusing on processes that can be simplified and automated. But SAP Government Procurement extends the borders of traditional ERP by incorporating specific processes and functions that aren't usually found in ERP territory. The software is tailored to support simplified acquisition processes as well as the complex processes managed by most government organizations. It's the first true contract management application integrated into an ERP landscape.

For example, SAP Government Procurement includes a document builder function that helps you produce complex documents quickly and easily. You define your own formats – from font and layout to logos and section numbering – to comply with local or national formats or to standardize your own internal ones. The component helps you create templates and custom clause content, from federal and national regulations and directives to local or even office-specific content. The document builder gives you complete, ready-to-publish documents that look and feel exactly like the documents you currently produce, but they're integrated into the larger ERP system so you can benefit from the other process efficiencies of ERP as well.

Tools That Work the Way You Do

With SAP Government Procurement, ERP evolves from a data-in, data-out spreadsheet model into a tool that works the way people do. Whether you regularly work with contract files or have responsibility for generating 200-page solicitations or hundreds of orders a week, SAP Government Procurement improves every procurement process, from the way a new requirement is sourced to the ability to create option line items or automatically generate an e-contract file.

Processes that were traditionally performed manually become automated for reduced procurement time and optimal use of your staff. These processes might include copying or building line-item structures into documents or selecting and compiling terms and clauses, to name a few.

SAP Government Procurement also handles procurement requirements more efficiently, whether they come from materials resource planning, a third-party order such as a sales order, a manually created purchase requisition, an internal request such as a shopping cart, or even an external requirement from another organization. The software enables you to turn requirements into any type of document, from a simple order to a sophisticated negotiated contract.

Whatever the task, public sector procurement professionals can't do their jobs alone; they must collaborate with many people in many departments, such as finance, legal, security, and facilities. Collaboration among these groups is essential for the "inter-enterprise" relationships in today's public sector, in which sharing information and contracts between agencies increases efficiency and reduces procurement costs. SAP Government Procurement provides instant access to integrated documents and data to enable workers performing requisitioning and follow-on procurement tasks to collaborate easily and directly.

Besides improving process efficiency, SAP Government Procurement does much more, playing an important role in establishing a "purchasing center of excellence" in public sector organizations that are striving to change. In addition to establishing best practices, a center of excellence sets policy and standards and supervises vendor and spend-category management. SAP Government Procurement provides proven, strategic sourcing techniques such as spend analysis, competitive sourcing, and contract negotiation.

And by performing in concert with the mySAP™ Supplier Relationship Management solution, SAP Government Procurement gives your organization more complete capabilities, extending the breadth and depth of a world-class solution that is live in over 1,000 sites worldwide.

Functionality for Procurement Professionals

The functions delivered with SAP Government Procurement include the following:

- Automated sourcing of requirements to contracts (with customer-defined rules)
- Workload management
- Automatic and manual contract and order close-out support
- Development of complex and negotiated procurement documents
- Automated bid invitation creation
- Automatic e-contract file creation and management
- Support for line- and document-level claims and terminations

Specific enhancements for public sector organizations include the following:

- Customer-defined line- and document-level status with triggers
- Guaranteed minimum value on contracts
- Minimum-order quantity validation
- Configurable, customer-defined document numbering
- Central contractor registration interface (specific to the United States)

Time and Money Well Spent

SAP Government Procurement helps public sector organizations improve operational ROI by reducing administrative, warehouse, and supply costs, while automating and integrating the entire procurement process. With better visibility into purchasing information, governments can utilize their budgets more effectively and allocate their resources for maximum benefit toward mission-critical activities.

Specific benefits provided by SAP Government Procurement include the following:

- Reduced “req to check” process time and Procurement Action Lead Time (specific to U.S. governments)
- Holistic view of enterprise procurement
- Support of shared services across organizational boundaries
- Lowered procurement costs and purchase order costs
- Better leveraging of vendor discounts and buying terms
- Support of postaward contract administration

Find Out More

For more information on how SAP Government Procurement can help your organization perform procurement tasks more efficiently and cut costs, visit www.sap.com/industries/publicsector.

Powered by SAP NetWeaver®

SAP for Public Sector is powered by the SAP NetWeaver® platform, the open integration and application platform that enables change. SAP NetWeaver helps organizations align IT with their business. It allows governments to obtain more business value from existing IT investments and deploy a service-oriented architecture. SAP NetWeaver reduces total cost of ownership and complexity across the entire IT landscape.

SAP NetWeaver powers mySAP Business Suite solutions, SAP xApps™ packaged composite applications, and partner solutions. It provides the best way to integrate all systems running SAP or non-SAP software. SAP NetWeaver unifies integration technologies into a single platform and is preintegrated with business applications, reducing the need for custom integration.